

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 2095

IN THE MATTER OF:

Served April 2, 1980

Application of GREYHOUND AIRPORT)	Case No. AP-79-13
SERVICE, INC., for Increased Rates)	
)	
Application of GREYHOUND AIRPORT)	Case No. AP-80-11
SERVICE, INC., for Permission to)	
Issue Tariff on Less Than 30-Days')	
Notice)	

On March 28, 1980, Greyhound Airport Service, Inc., filed a petition to reopen Case No. AP-79-13 and an application (Case No. AP-80-11) for special permission to issue WMATC Tariff No. 17 (cancelling WMATC Tariff No. 16) on less than 30-days' notice.

Greyhound Airport's Tariff No. 16 became effective pursuant to Commission Order No. 2075, served January 9, 1980. Now applicant seeks permission to implement additional fare increases. In support of this request, applicant has submitted operating summaries for the period January 1 through March 10, 1980, showing operations conducted, revenues, expenses and projected revenues under the proposed fare structure. According to Greyhound Airport, it sustained actual losses during this period of approximately \$135,000. The requested fares, applicant submits, would have produced a profit of approximately \$38,881 for an operating ratio of 93.6.

Greyhound Airport submits that its losses are a result of two factors -- a severe decline in airport traffic and uncompensatory rates. No data, however, were submitted to support the latter contention and the Commission therefore sees no reason to consider further adjustments to the expenses developed earlier in this case. However, to the extent that passenger traffic has declined, rates may be indicated that would produce reasonable revenues from the reduced passenger base. */

*/ This rationale does not affect charter operations inasmuch as charter revenues are a function of trips performed, not passengers carried.

Annualized passenger statistics considered in Order No. 2075 showed that 446,621 persons should be transported to and from Dulles International Airport during the 12-month period ending September 30, 1980. By annualizing Greyhound Airport's passenger statistics for the first 70 days of 1980, only 324,767 persons would be transported in this service. This traffic accounts for 71 percent of applicant's special operations revenue and 61 percent of its total revenue. Similarly, annualizing the number of persons transported to and from Washington National Airport by the applicant yields 180,456 passengers as opposed to the 212,642 to be transported based on an annualization of passengers transported in the 12-month period ended September 30, 1979.

Simple annualization, however, does not provide a fully accurate picture of passenger levels at the airports inasmuch as the seasonality of traffic is not considered. Comparing the number of Dulles passengers transported by Greyhound Airport during the first 69 days of 1979 (77,116) to the total transported during the 12-month period ended September 30, 1979, (429,410) yields a ratio of .18. A similar comparison of National passengers (34,030/204,448) yields a ratio of .17. Multiplying these ratios by the respective annualized passenger totals for the 12-month period ended September 30, 1979, shows the seasonally adjusted number of passengers (80,392 at Dulles and 36,149 at National) that should have been transported (all other factors being equal) but for a general decline in airport traffic. Dividing the number of passengers actually transported by the annualized seasonal passengers yields the complement of percentages by which Greyhound Airport's revenues must be multiplied to produce revenue shortfalls. Accordingly, it appears that, over a 12-month period, applicant would require an additional \$521,395.

To obtain additional revenues, Greyhound Airport has proposed increasing fares from Dulles, currently ranging from \$4.75 to \$5.15 per person, to \$8 per person. The effect of this increase is shown in Table I below.

TABLE I

<u>Service Point</u>	<u>70-Day Passengers</u>	<u>Seasonally Adjusted Annual Passengers</u>	<u>Proposed Increase</u>	<u>Additional Revenues</u>
Nat'l.	25,624	142,356	\$3.25	\$ 462,657.00
D. C.	32,023	177,906	3.25	578,194.50
Md.	<u>4,467</u>	<u>24,817</u>	2.85	<u>70,728.45</u>
Totals	<u>62,114</u>	<u>345,079</u>		<u>\$1,111,579.95</u>

It is readily apparent that, even ignoring the rate increases now requested by Greyhound Airport for National passengers, the above rates will produce total revenues far in excess of those prescribed in Order No. 2075. We must deny the proposed increases. Nevertheless, the facts before us present a clear picture of the financial condition and revenue requirements of this carrier, and it is only one further step to determine fares which would be compensatory in light of this carrier's current ridership decrease.

As shown above the prospect of producing incremental revenues from operations at National is less than from operations at Dulles. Because there is intense competition from other transportation modes at National (Metro, taxicabs, private autos), we believe that operations at National may be so price-sensitive that fare increases may well be offset by reduced ridership. Accordingly, we shall confine this exercise to consideration of operations at Dulles. Table II below shows the increase in rates which would produce the level of revenues indicated by the company's current situation.

TABLE II

<u>Between Dulles and</u>	<u>Fare</u>	<u>Increase</u>	<u>Seasonally Adjusted Annual Passengers</u>	<u>Additional Revenues</u>
National	\$6.25	\$1.50	142,356	\$213,534.00
D. C.	6.25	1.50	177,906	266,859.00
Bethesda, Chevy Chase, Silver Spring, Wheaton, Md.	6.80	1.65	<u>24,817</u>	<u>40,948.05</u>
Totals			<u>345,079</u>	<u>\$521,341.05</u>

The additional revenue to be produced by this increase is within \$54 of the \$521,395 shown to be needed by Greyhound Airport, an amount for which further adjustment is impractical. We believe that the increases indicated in Table II would result in fares which are just, reasonable and not unduly preferential or discriminatory.

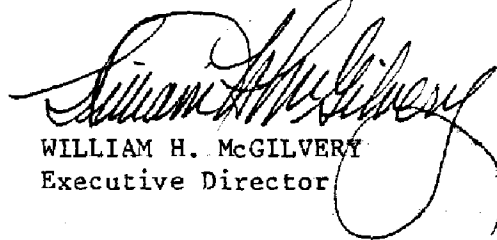
Upon consideration of the entire record in this case, the instant petition and application, and the supplemental data provided by the applicant, the Commission finds that it would be appropriate to authorize applicant to file a tariff pursuant to the Compact, Title II, Article XII, Section 5(e) to increase fares for special operations service to and from Dulles International Airport to those set forth in Table II.

THEREFORE, IT IS ORDERED:

1. That Greyhound Airport Service, Inc., is hereby authorized to file pursuant to the Compact, Title II, Article XII, Section 5(e) two copies of a Supplement No. 1 to its WMATC Tariff No. 16 setting forth the fares indicated herein, said fares to become effective at 12:01 a.m. on the day following such filing.

2. That appropriate notices of this increase, if filed, be posted at the points and in the manner described in Order No. 2075.

BY DIRECTION OF THE COMMISSION, COMMISSIONERS SCHIFTER AND SHANNON:



WILLIAM H. MCGILVERY
Executive Director